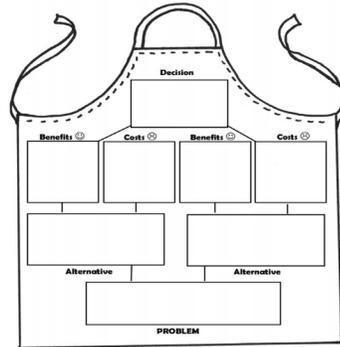




Decisions! Decisions!

A Lesson on Decision Making

By Marsha Masters, Associate Director
Economics Arkansas



Lesson Description

Why can't I have it all? Have you ever witnessed a young child make a scene in a store when they were told they couldn't have everything they wanted and they would have to choose? Perhaps you have seen adults express the same sentiment. Economics is often referred to as the science of decision-making. This lesson is designed to teach students how to develop decision-making skills so they can make informed decisions.

Grades PreK-2

Concepts

- **Alternatives:** The different possibilities to choose from in a given situation.
- **Benefits:** Things favorable to a decision maker.
- **Choice:** A decision made between two or more possibilities or alternatives.
- **Costs:** Things unfavorable to a decision maker.
- **Economic wants:** Desires that can be satisfied by consuming goods and services. Also known as wants.
- **Opportunity cost:** The value of the next-best alternative when a decision is made; it's what is given up.
- **Scarcity:** The condition that exists because there are not enough resources to produce everyone's wants.

Standards

Arkansas Economics Standards

- E.4.K.1: Recognize that all people have unlimited wants and limited resources. [e.g., scarcity] (D2.Eco.1.K-2)
- E.4.1.1: Explain ways scarcity necessitates decision-making. (D2.Eco.1.K-2)
- E.4.2.1: Discuss the importance of scarcity in relation to choices and opportunity cost. (D2.Eco.1.K-2)
- E.4.K.2: Explain reasons behind a personal decision. (D2.Eco.2.K-2)
- E.4.1.2: Identify benefits and costs of making a decision. (D2.Eco.2.K-2)
- E.4.2.2: Explain a decision in terms of costs and benefits. (D2.Eco.K-2)

Arkansas English Language Arts Standards

- L.K.6: Use words and phrases acquired through conversations, reading, being read to, and responding to texts.
- L.1.6: Use words and phrases acquired through conversations, reading, being read to, and responding to texts.
- L.2.6: Use words and phrases acquired through conversations, reading, being read to, and responding to texts.

Objectives

Students will be able to

- identify costs and benefits when making a decision.
- identify a choice when presented with alternatives.
- identify the opportunity cost related to a choice.
- utilize a decision making model to make a choice.

Time required

45 minutes

Materials required

- 2 highlighter pens (*This can be any popular item in your classroom such as pencils, snacks or stickers.*)
- Visual: Decision Making Model: Decision Making Apron
- Visual: Decision Making Model: Decision Making Tree
- Decision Making Models (Apron or Tree) *enough for students to make a choice of which to use.*
- Decision Making Scenario Cards (*enough for each student to have his or her own card or work in pairs*)

Procedure

1. Ask students if they have made any decisions today. (*Allow time for response. If they can't think of any decisions, prompt them to consider getting out of bed, brushing teeth, brushing hair, selection of clothes, what to eat, completing work in class, etc.*)
2. Tell students that every day people of all ages make decisions. Ask them if they have ever made a decision they later regretted. (*Chances are they have, and you can share an example of a decision you regretted.*)
3. Ask students why they have to make decisions. (*Answers may vary but probably will include a statement that involves a parent saying they don't have enough money to buy something, enough time to go everywhere, or enough space to fit everything they want. If not, prompt students to consider these explanations.*)
4. Hold up two highlighter pens and ask students how many of them would like to have one of the pens. (*Chances are great that many hands are waving in the air.*) Tell students that you only have 2 pens and many hands in the air. There seems to be a problem. In economics, the term for this

problem is scarcity. Scarcity happens when there are not enough resources to provide for everyone's wants. In this case, there are not enough pens to satisfy everyone's want of a way to entertain themselves. When a situation like this arises, decisions have to be made.

5. Ask students what they think should happen with the pen scarcity problem. (*Answers might include put everyone's name in a hat and draw two winners, give it to the two people who had the highest score on a recent math test, etc.*)
6. Scarcity can be seen when there are not enough pens for everyone who wants a pen. It can also be seen when there are many options on Saturday afternoon of things you would like to do (*Examples: go to the movies, shop, play video games, play board games, ride bikes, etc.*), but there isn't enough time to do all the things you would like to do. Scarcity can also be seen when there isn't enough space to fit everything in. Ask students to think about their toy box or space where they keep their toys and games at home. Ask them if they have enough space to fit all their toys in that they play with. There are many other examples students can identify with in relation to scarcity. Allow them to share examples of how they see scarcity. (*Note: It is important to note that scarcity doesn't exist if there is enough of a good or service to satisfy those who want it. For example, if there were two spinach broccoli milk shakes and only 1 student in the class of 20 students wanted a shake, there would not be a scarcity problem. It is not a one-to one relationship.*)
7. Problems require decisions, but problems are not always negative or bad. Let's say you get to choose an afternoon snack to satisfy your hunger. Is that a bad problem? (*No.*) You do, however, have to decide what you want because you cannot have everything you see in the store or at home in your cabinets.
8. Sometimes people make decisions in a hurry and do not pause to consider the problem, the options, and the things that make you happy or sad about each item associated, and later you wish you had made a different choice.
9. Alternatives are the options to consider. You might consider a bag of pretzels, a candy bar, a soda, an apple, an ice cream cone, yogurt or a banana. Those would be your alternatives.
10. Sometimes it is helpful to narrow down alternatives to your top two and consider the things that are favorable (benefits) and the things are unfavorable (costs) about each.
11. There are many ways to consider the benefits and costs. Two great tools that are helpful are a decision-making apron or decision-making tree. They help guide us through the decision making process. (*You as the teacher decide which you prefer to use. You may project them on a wall/white-board surface or create a poster size model. You might decide to use two different scenarios so you can model how to complete the process using each model. You could also just select two different alternatives to consider for a snack such as a banana or yogurt.*)
12. Direct students to look at the bottom of the decision making model you select. You see the word, PROBLEM. Remember, because of scarcity, we have problems and have to make choices.
13. As our example, our problem is that we have to choose an afternoon snack. Tell students you are going to explain the process to them by working through the model of what you would select. [**In the PROBLEM box, write: What will I choose for my afternoon snack?**]
14. Then I have to think about all my options or my alternatives. I want to narrow it down to my top two alternatives. [**In the ALTERNATIVES boxes, write your top two alternatives: ice cream cone or bag of pretzels.**]
15. Next, think about the things that are the benefits and costs about each. [**Write in Benefits of ice**

cream cone: yummy, cold, I get to eat the ice cream and the cone...it is like 2 treats. Write in Costs of ice cream cone: The ice cream might fall off the cone. It might be too cold and make my head hurt.]

16. Repeat the same process with the bag of pretzel. [**Write in Benefits of bag of pretzels: Pretzels are a salty treat. Usually there are lots of pretzels in a bag, so I could enjoy my treat for a while. Write in Costs of bag of pretzels: Pretzels might make me thirsty. I could drop the bag and the pretzels all fall out.]**
17. After I have listed the benefits and costs, I have to make a decision that would make me most satisfied. I look at the benefits and costs of each alternative and decide. [**Write in decision box: ice cream cone.]**
18. When I chose the ice cone, what did I give up? (*The opportunity to have the bag of pretzels.*) Economics says that our next best choice we give up when we make a choice is our opportunity cost. It is the opportunity lost when we choose.
19. Challenge students to consider they had all been faced with the same alternatives. Would they have all made the same choice? (*No. We all have different benefits and costs that matter to us.*)

Closure

Ask students the following questions to review and debrief the lesson:

- Name an economic want that would satisfy your desire to be entertained. (*Answers will vary but might include: basketball, board game, movie, bicycle, book, or puzzle.*)
- What does scarcity mean? (*Scarcity occurs when there is not enough of something to satisfy everyone's wants.*)
- Have you ever had a scarcity problem? (*Allow students time to share.*)
- If I had enough stickers for everyone in the room who wanted a sticker, would there be a scarcity of stickers? (*No.*)
- Would you have a scarcity if five students in class wanted time on the classroom computer and there were only four computers available to use. (*Yes*) What would be scarce? (*The computers would be scarce.*)
- Explain what benefits and costs are when making a choice. (*Benefits are the favorable thing(s) to consider about an alternative. The cost is the unfavorable thing(s) to consider about an alternative.*)
- What does opportunity cost mean? (*It is the opportunity you lose when you make a choice; the next best choice when a decision is made.*)
- If Tom had to choose between playing kickball or basketball, and he chose kickball, what would be his opportunity cost? (*Playing basketball would be his opportunity cost.*)

Assessment

Thumbs Up/Thumbs Down:

Ask students to hold up one hand and point their thumb up. As a statement is read, students should lift their thumb up if the statement is true and move their thumb down if they disagree.

- Scarcity means we can have everything we want. (thumbs down)
- If three girls want to hula-hoop during recess, and there are four available hula-hoops, there is a

- scarcity problem. (thumbs down)
- We make choices every day. (thumbs up)
- Everyone makes the same choice. (thumbs down)
- Alternatives are the options we consider (thumbs up)
- The costs are things that make us happy. (thumbs down)
- Our next best choice is our opportunity cost. (thumbs up)

Decision Making Model:

Distribute to each student his or her choice of a decision-making apron or tree. (*Note: You may either give each student a different decision-making scenario card or give every student the same scenario.*)

Have them complete the decision-making grid. (*With younger students, you may decide to assess them in small groups so you can scribe their responses.*) Have them share with a partner or the class the process they used in making their decision.

Extension Activities (Optional):

There are many great lessons that help reinforce choice, opportunity cost, and decision-making.

A Perfect Pet

<http://www.econedlink.org/teacher-lesson/468/Perfect-Pet>

Betty Bunny Wants Everything

<https://www.stlouisfed.org/education/parent-resources/betty-bunny-wants-everything-q-and-a>

Monster Musical Chairs

<https://www.stlouisfed.org/education/monster-musical-chairs>

Mousetropolis

<https://www.stlouisfed.org/education/mousetropolis>

Scarcity and Resources

<http://www.econedlink.org/teacher-lesson/1030/Scarcity-Resources>

The Berenstain Bears Get the Gimmies

<https://www.stlouisfed.org/education/the-berenstain-bears-get-the-gimmies>

The Mitten

<http://www.econedlink.org/teacher-lesson/726/Mitten>

Too Many Toys

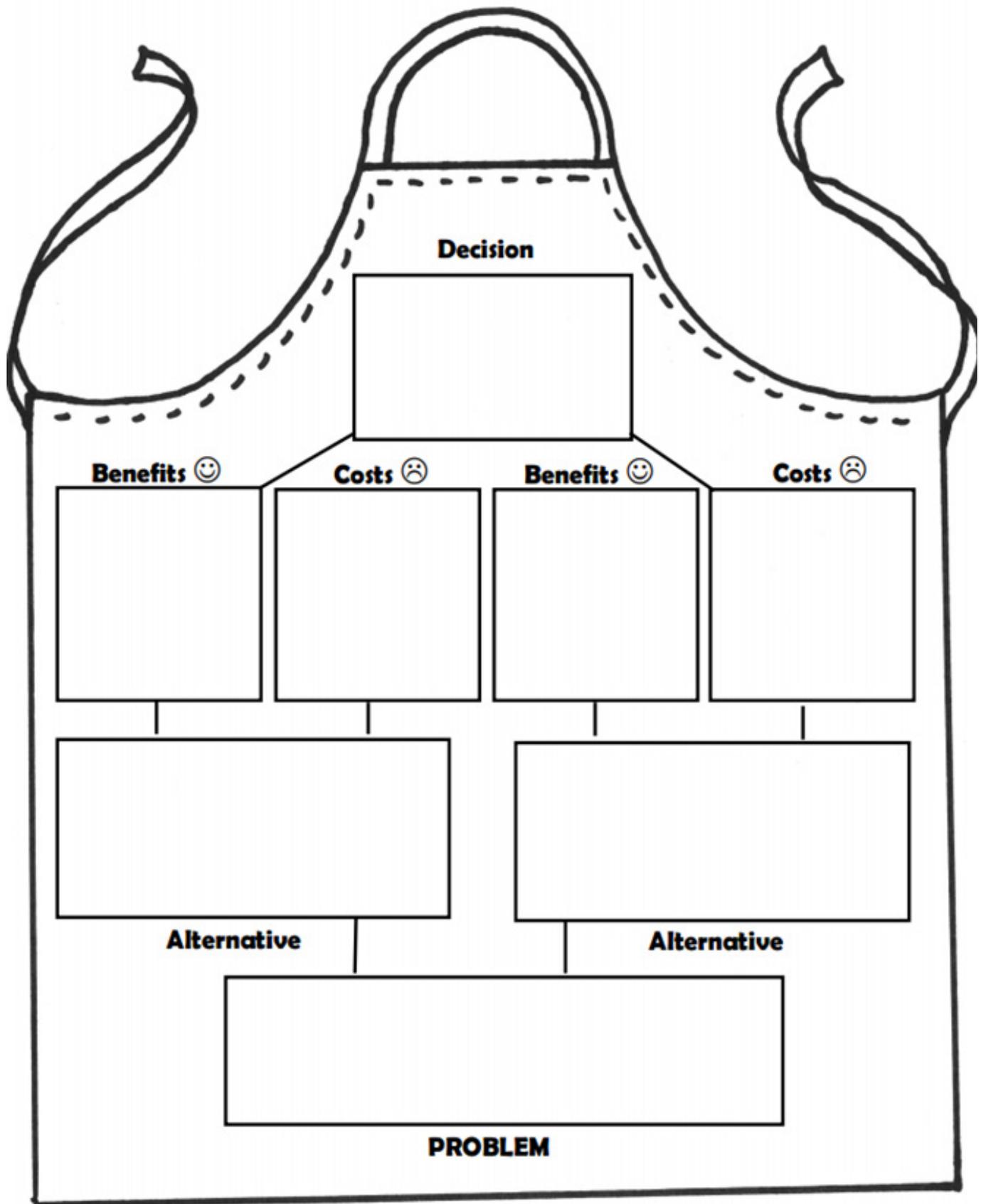
http://www.economicsarkansas.org/for_teachers/lesson-plans-k-3.html

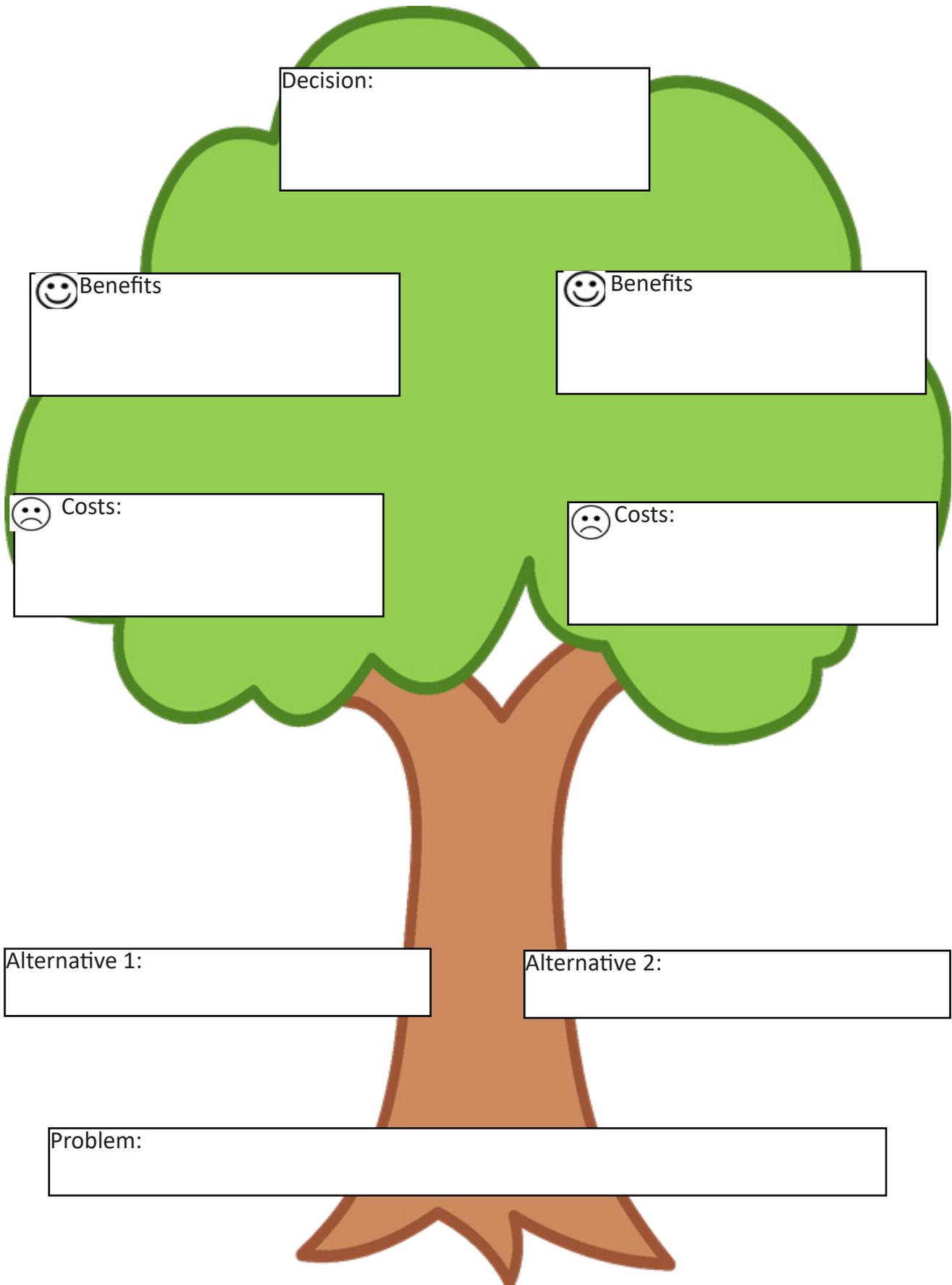
Toys for Me: A Lesson on Choice

<http://www.econedlink.org/teacher-lesson/517/Toys-Me-Lesson-Choice>

What Pet Should I Get?

<http://www.econedlink.org/teacher-lesson/1263/What-Pet-Should-I-Get-Dr-Seuss-Decision-Making>





<p>You are hungry and want a snack.</p>  <p>What will you choose?</p>	<p>You have 15 minutes of free time in class.</p>  <p>What will you choose?</p>
<p>You just received \$5 for chores.</p>  <p>What will you choose?</p>	<p>You get to choose where to go eat tonight with your family.</p>  <p>What will you choose?</p>
<p>Your family is getting a pet.</p>  <p>What will you choose?</p>	<p>Your friend is having a birthday party, and you are taking a gift.</p>  <p>What will you choose?</p>
<p>Tomorrow is "Show and Tell" Day.</p>  <p>What will you choose?</p>	<p>Your family is planning an outdoor trip.</p>  <p>What will you choose?</p>